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18 Nov '53

MEMORANDUM FOR: Acting Deputy Director (Administration)

SUBJECT: Justification of Legislation to Enable a Liberalized Retirement System for CIA Employees

REFERENCES: (a) Final Report of the Legislative Task Force to the Chairman, CIA Career Service Board, dated 9 October 1953
(b) Memorandum, dated 28 October 1953 from the Acting Deputy Director (Administration) requesting preparation of justifications to support the recommendations in tabs C and D of the Legislative Task Force Report

1. The CIA Career Service Board, in its 12th meeting on 29 October 1953, approved tab D of the referenced report pending review of the Legislative Task Force Report as a whole. It is the understanding of this office that the Board's reservation does not relate to the desirability of a liberalized retirement system for the Agency, but rather is meant to defer final determination of the specific approach to be taken to secure appropriate legislation.

2. Justification for any request for legislation to liberalize the Agency's Retirement System would be based on the following factors:

a. Under the Civil Service Retirement Act, as amended, Agency employees become eligible to retire optionally between the ages of 55 and 62 with 30 years of creditable service. During this period an employee's basic annuity is reduced by $\frac{1}{4}$ of 1% for each full month that he is under age 60. At age 62 an employee can retire with 15 years of creditable service. The two formulas for computing Civil Service annuities are as follows:

(1) Salary under \$5000

Average salary (5 highest consecutive years) X 1%
plus \$25 X years of creditable service.

(2) Salary \$5000 or over

Average salary (5 highest consecutive years)
X $1\frac{1}{2}\%$ X years of service.

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b. The Agency's concept of career service contemplates that employees will be required to serve where and when they are needed in the best interest of Agency activities. Furthermore, the duties, responsibilities and conditions of service of Agency personnel often differ markedly from those which are typical of Federal employment generally. For example:

(1) Agency employees serve overseas under various cover restrictions which have an abnormal influence on their living habits.

(2) As Agency employees, they are likely targets of foreign intelligence services and are thus continually subject to potential hazard. In the event of war or civil disturbance in their area, they become immediately susceptible to attack or seizure by foreign powers.

(3) In addition to the above general hazards, many Agency personnel are required to perform duties which are hazardous in themselves.

(4) Many Agency employees serve under conditions which are classified as unhealthful.

c. The type of clandestine activity in which many CIA employees are engaged overseas requires a combination of mental, physical, and psychological characteristics which are found in diminishing proportions as employees advance in age. This is particularly true among employees who have been engaged in such activity for an extended period of time. For this reason, full retirement benefits should be available to Agency employees at an earlier age than would be possible under the current Civil Service Retirement Act. Apart from the benefit to the service which could be achieved by encouraging early retirement of some employees, the intangible factor of esprit de corps which is derived in part from separate and unique benefits and which is so important as an incentive to the performance of duties overseas must also be given recognition.

d. There are precedents in liberalized retirement systems for Federal employees whose working conditions are in some respects similar to those of Agency personnel:

(1) Under the Foreign Service Act, participants who have 20 years of service and who have reached the age of 50 years are entitled to retirement. Foreign Service Officers are granted $1\frac{1}{2}$ years of service credit for each year of service at unhealthful

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posts (prescribed by the President). The annuity under this System is equal to 2% of an employee's average basic salary next preceding the date of his retirement (not to exceed \$13,500 per annum) multiplied by the years of service (not to exceed 30 years).

(2) The Civil Service Retirement Act of 1930, as amended, provides that personnel whose duties are primarily the investigation, apprehension or detention of persons suspected or convicted of offenses against the criminal laws of the United States may retire at age 50 when they have rendered at least 20 years of service. The formula for computing the annuity of such personnel is 2% of their average basic salary for any five consecutive years of service multiplied by the number of years of service (not to exceed 30 years).

e. In recognition of the above special benefits conferred by Congress upon Foreign Service and investigative personnel for reasons of hazardous duty and continuous overseas service, this Agency is justified in requesting liberalized retirement provisions for those personnel in its employment who serve under similar conditions.

f. The system proposed in Tab D of reference (a) is a conservative effort to liberalize the retirement benefits of certain Agency personnel to make them more nearly comparable to the retirement benefits now available to personnel serving under similar circumstances in other Federal establishments.

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[Redacted]
Acting Personnel Director

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